

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 NSC-05

SS-15 STR-04 CEA-01 /080 W

-----250331Z 078283 /22

R 241415Z MAR 77

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3122

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

LIMITED OFFICIAL USE CAIRO 5046

E.O. 11652: N/A

TAGS: EFIN, EAID, EINV, EIND

SUBJECT: GULF STATE PROMISE OF 1.5 BILLION DOLLAR LOAN TO GOE

1. MARCH 24 LOCAL PRESS HEADLINED STATEMENT BY DEPRIMIN
KAISSOUNI FOLLOWING MEETING WITH SAUDI CROWN PRINCE FAHD IN
RIYADH MARCH 23. ACCORDING TO SOMEWHAT CONFUSED PRESS REPORTS,
GULF STATES HAVE DECIDED TO GIVE GOE \$1.5 BILLION CASH GRANT
TO HELP REMEDY GOE BALANCE OF PAYMENTS DEFICIT, CHANGE SHORT-
TERM INTO LONG-TERM DEBTS, AND FINANCE ALL 1977 DEVELOPMENT
PROJECTS.

2. IN ADDITION, GULF STATES HAVE REPORTEDLY AGREED TO
DOUBLE ALLOCATIONS TO GULF ORGANIZATION FOR DEVELOPMENT OF
EGYPT (GODE) FROM PRESENT \$2 BILLION TO \$4 BILLION. LOAN
AND INCREASED ALLOCATIONS REPORTEDLY OVER AND ABOVE \$250 MILLION
SETTLED GOE PRESSING INTERNATIONAL DEBTS, AS WELL AS GODE-
GUARANTEED \$250 MILLION LOAN TO BE COVERED BY CONSORTIUM
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OF INTERNATIONAL BANKS HEADED BY CHASE MANHATTAN.

3. COMMENT: PRESS GIVES IMPRESSION THAT \$1.5
BILLION WILL BE GIVEN TO GOE IN FORM OF GRANT. HOWEVER, GAMAL AL
NAZZIR, UNDERSECMIN OF ECONOMY, CONFIRMED IT IS A LOAN WHICH
WILL BE DEPOSITED IN EGYPTIAN CENTRAL BANK. LOAN IS TO BE PAID
OFF WITHIN SEVEN AND A HALF YEARS WITH INTEREST RATE OF FIVE

PERCENT. PROVISION HAS BEEN MADE FOR INTEREST-FREE GRACE PERIOD OF THREE TO FOUR YEARS. ACCORDING TO NAZZIR THE MONEY WILL BE USED, FOR THE MOST PART, TO PAY OFF SHORT-TERM DEBT AND HOPEFULLY FINANCE SOME 1977 DEVELOPMENT PROJECTS.

4. IF LOAN ACTUALLY MATERIALIZES, GULF ASSISTANCE WILL BE RIGHT ON THE MARK. GOE IS FACING BULGE OF FOREIGN EXCHANGE REQUIREMENTS AS MAJOR PORTION OF SHORT-TERM DEBTS COME DUE IN 1977. \$1.5 BILLION LOAN WOULD PERMIT DEBTS TO BE STRETCHED OUT, THEREBY RELIEVING SOME OF PRESSURE ON SADAT REGIME. RELIABILITY OF EGYPTIAN PRESS, HOWEVER, QUESTIONABLE AT BEST. MOST EMBASSY CAN SAY AT MOMENT IS APPARENTLY SOMETHING OF IMPORTANCE DID OCCUR AS KAISOUNI'S TRIP WAS TO HAVE LASTED APPROXIMATELY TEN DAYS. BETTER INFORMATION WILL PROBABLY BE AVAILABLE FROM CODE MEMBER COUNTRIES.
MATTHEWS

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Message Attributes

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Concepts: DEVELOPMENT LOANS, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition Reason:
Disposition Remarks:
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Litigation History:
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